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Seventh Bill in Norton’s Free and Equal D.C. Series Tackles Link Between Medicaid Inequality and Structural Deficit and High Taxes
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Washington, DC—Congresswoman Eleanor Holmes Norton (D-DC) today introduced the District of Columbia Medicaid Reimbursement Act of 2006, a bill to raise the federal contribution to the Medicaid benefits program from 70 percent to 75 percent in order to help relieve one of the most significant factors in the city’s structural deficit or imbalance that residents now are required to address through high local taxes. The District is the only city that pays the full state share of Medicaid, a program that is carried by states and some counties. New York City contributes a local city Medicaid share, 25 percent, while D.C. pays even more, a 30 percent contribution. “I introduce this bill because the District’s continuing responsibility for most costs borne by entire states is a major component of the District’s structural deficit and threatens the stability of the city itself,” Norton said. She said that the city cannot indefinitely carry these mandated costs with no state tax base to spread the burden.

The Medicaid Reimbursement Act is the seventh in the Free and Equal D.C. series, bills to address inappropriate restrictions placed on the District, but not on other jurisdictions, that deny the city the right to self-government equal to that of other U.S. jurisdictions. Norton said that although today’s bill cannot address the entire structural imbalance problem the District faces because the city is not part of a state, the bill would eliminate the larger percentage the District pays than any city, by allowing a 25 percent contribution, rather than a contribution even greater than New York City’s.

According to the District’s chief financial officer, rapidly increasing Medicaid costs account for $1.4 billion or 22 percent of the city’s gross funds budget, a 42 percent total program increase since 1999, and are projected to increase by another $39 million this year. Yet the District, unlike other large cities which have lost significant populations, has no state and no state economy to spread this burden. More than 25 percent of D.C.’s population is enrolled in Medicaid compared to 12 percent in Maryland and just 9 percent in Virginia.

Norton has successfully gotten an additional $57 million to correct a technical error that denied the city the full 70 percent contribution, but this amount did not reimburse the District for the back years of federal error and was not intended to meet the structural imbalance problem the Norton bill introduced today partially addresses.

“The District has taken important steps on its own to reduce Medicaid costs through greater efficiency, fraud surveillance and preventive care,” Norton said. “Congress needs to respond by stepping up to meet a greater federal responsibility.”
The Congresswoman’s statement of introduction follows.

I introduce the District of Columbia Medicaid Reimbursement Act of 2006 today to raise the federal medical assistance percentage (FMAP), the federal contribution from the federal government, to 75 percent from 70 percent and to reduce the District’s unique role as the only city that pays the full state share of Medicaid, a program that is carried by states and some counties in our country. New York City, the jurisdiction that powers the economy of New York State, contributes a 25 percent local share to Medicaid while the state pays 25 percent, less than the District’s statutorily mandated 30 percent contribution. I introduce this bill because the District’s continuing responsibility for most Medicaid costs that are typically borne by entire states is a major component of the District’s structural deficit and threatens the stability of the city itself.

The District’s Chief Financial Officer reports that rapidly increasing Medicaid costs put the city at risk. In FY 2005, these costs accounted for $1.4 billion or 22 percent of the city’s gross funds budget. Total program costs have risen 42 percent since 1999, and are projected to increase by another $39 million this year. Yet the District, unlike other large cities which have lost significant populations, has no state and no state economy to share this burden. More than 25 percent of District children and adults are enrolled in Medicaid compared to 12 percent in Maryland and just 9 percent in Virginia. On average, the District spends over $7,000 per enrollee, while Maryland and Virginia spend $5,509 and $5,177, respectively, reflecting serious health conditions that are concentrated among big city residents.

The D.C. Medicaid Reimbursement Act of 2006 is the seventh in the “Free and Equal D.C.” series. This series of bills addresses inappropriate and often unequal restrictions placed only on the District and no other U.S. jurisdiction. Although today’s bill cannot address the entire structural problem that the District faces because the city is not part of a state, the bill would eliminate the greater percentage the District pays than any city by allowing a 25 percent city contribution, rather than a contribution even greater than New York City.

In 1997, as part of the Balanced Budget Act, Congress recognized that state costs were too costly for any one city to

shoulder. To alleviate the resulting financial crisis, Congress increased the federal Medicaid contribution to the District from 50 to 70 percent, and took responsibility for a few state costs—prisons and courts— relieving the immediate burden, but the city continues to carry most state costs.

In 1997, a formulaic error in the Medicaid Disproportionate Share Hospital (DSH) allotment reduced even the 70 percent FMAP share, and as a result, the District received only $23 million instead of the $49 million due. I was able to secure a technical correction to the Balanced Budget Act of 1999, partially increasing the annual allotment to $32 million from FY 2000 forward. I appreciate that last year, Congress responded to my effort to get an additional annual increase of $20 million in the budget reconciliation bill, bringing D.C.’s Medicaid reimbursement payments to $57 million as intended by the Balanced Budget Act. This amount did not reimburse the District for the years a federal error denied the city part of its federal contribution, and in any case, of course, was not intended to meet the structural problem this bill partially addresses.

The District has taken important steps on its own to reduce Medicaid costs through greater efficiency, and to treat and prevent conditions that prove costly when hospitalization or expensive treatments become necessary. The District Medicaid agency won federal recognition as one of only two Medicaid programs nationwide to exceed the federal government’s child immunization goal for school-age children at 95 percent, and improved its fraud surveillance, recovering $15 million in fraudulently billed funds. The city’s novel D.C. Health Care Alliance, for which federal approval is pending, would allow coverage of residents and provide more early and preventative care, avoiding huge Medicaid costs when health conditions become severe and Medicaid becomes the only option.

I urge my colleagues to join me in supporting this increase that will help my city’s most needy residents.